

## **INFORMATION TO USERS**

**This manuscript has been reproduced from the microfilm master. UMI films the text directly from the original or copy submitted. Thus, some thesis and dissertation copies are in typewriter face, while others may be from any type of computer printer.**

**The quality of this reproduction is dependent upon the quality of the copy submitted. Broken or indistinct print, colored or poor quality illustrations and photographs, print bleedthrough, substandard margins, and improper alignment can adversely affect reproduction.**

**In the unlikely event that the author did not send UMI a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyright material had to be removed, a note will indicate the deletion.**

**Oversize materials (e.g., maps, drawings, charts) are reproduced by sectioning the original, beginning at the upper left-hand corner and continuing from left to right in equal sections with small overlaps. Each original is also photographed in one exposure and is included in reduced form at the back of the book.**

**Photographs included in the original manuscript have been reproduced xerographically in this copy. Higher quality 6" x 9" black and white photographic prints are available for any photographs or illustrations appearing in this copy for an additional charge. Contact UMI directly to order.**

# **U·M·I**

University Microfilms International  
A Bell & Howell Information Company  
300 North Zeeb Road, Ann Arbor, MI 48106-1346 USA  
313/761-4700 800/521-0600

PREVIEW

**Order Number 9129554**

**Attributional style as a measure of productivity for life  
insurance agents**

**Hudson, Thomas Kay, Ph.D.**

**The University of Nebraska - Lincoln, 1991**

**Copyright ©1992 by Hudson, Thomas Kay. All rights reserved.**

**U·M·I**  
300 N. Zeeb Rd.  
Ann Arbor, MI 48106

PREVIEW

**ATTRIBUTIONAL STYLE AS A MEASURE OF  
PRODUCTIVITY FOR LIFE INSURANCE AGENTS**

by

Thomas K. Hudson

A Dissertation

Presented to the Faculty of  
The Graduate College in the University of Nebraska  
In Partial Fulfillment of Requirements  
For the Degree of Doctor of Philosophy

Major: Interdepartmental Area of  
Community and Human Resources

Under the Supervision of  
Professor Steven A. Eggland  
University of Nebraska-Lincoln

and

Professor Daniel C. Ganster  
University of Arkansas-Fayetteville

April, 1991

# **ATTRIBUTIONAL STYLE AS A MEASURE OF PRODUCTIVITY FOR LIFE INSURANCE AGENTS**

Thomas K. Hudson, Ph.D.

University of Nebraska, 1991

Advisor: Steven A. Eggland

The reformulated model of learned helplessness suggests that the tendency to explain the causation for bad events as due to internal, stable, and global causes can lead to increased levels of depression and, in the work setting, lowered levels of productivity. A Life Event Analysis Form (LEAF) was developed depicting 12 hypothetical bad events which might be experienced by adult life insurance agents. In two pilot studies using college students, the LEAF scores correlated positively with selected bad events from the original ASQ but did not correlate with depression or self-esteem. In the agent study, LEAF scores failed to correlate with productivity measures across participating companies. However, LEAF scores did correlate with new life commissions earned for Company 1 when the companies were analyzed individually. For this company, LEAF subscale analysis indicated significant correlations between stability and globality but not for internality. Also, agents scoring in the top half of composite LEAF scores, indicating attributional styles which were more external/unstable/specific, received 59% greater commissions than those in the bottom half. Career Profile (CP) scores, a commonly used measure by life insurance companies, also failed to correlate with production across companies but did correlate with new

life commissions and new lives written for one company. Thus, while LEAF and CP scores may have some usefulness in predicting productivity among life insurance agents, their results were not found to be consistent for all participating companies.

PREVIEW

DISSERTATION TITLE

Attributional Style As A Measure Of

Productivity For Life Insurance Agents

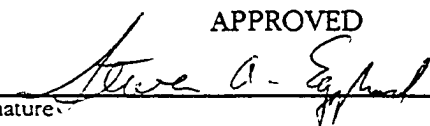
BY

Thomas K. Hudson

SUPERVISORY COMMITTEE:

APPROVED

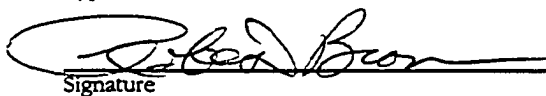
DATE

  
Signature

5/6/91

Dr. Steve Eggland

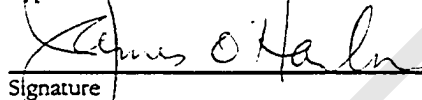
Typed Name

  
Signature

5/6/91

Dr. Robert Brown

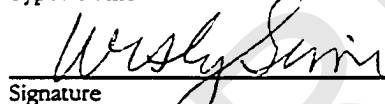
Typed Name

  
Signature

5/6/91

Dr. James O'Hanlon

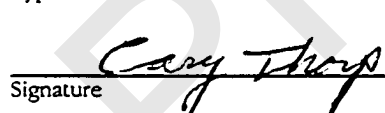
Typed Name

  
Signature

5/6/91

Dr. Wesley Sime

Typed Name

  
Signature

5/6/91

Dr. Cary Thorp

Typed Name

  
Signature

Typed Name

 GRADUATE COLLEGE  
UNIVERSITY OF NEBRASKA



## ACKNOWLEDGEMENTS

The completion of this dissertation was not without the efforts of many people. I wish to thank Dr. Daniel C. Ganster who first suggested the topic area. I would also like to thank my advisor, Dr. Steven A. Eggland, for his advice, guidance, encouragement, and support. I wish to also thank the other members of my doctoral committee for their suggestions and patience: Dr. Robert D. Brown, Dr. James P. O'Hanlon, Dr. Wesley E. Sime, and Dr. Cary D. Thorp, Jr. Their suggestions on how to best conduct this study were greatly appreciated.

I would like to thank the late Dr. Kenneth Holder for his encouragement and his permission to use students at Nebraska Wesleyan University in the first and second pilot studies. A special note of thanks is given to the students at Nebraska Wesleyan who suffered through these pilot studies.

I would also like to thank the life insurance executives from the three participating companies who allowed me to use their agents as subjects in this research and who worked with me in the collection of the data. A special thank you is also in order to the 184 agents who unselfishly completed and returned the questionnaire. This study could not have been conducted without their cooperation.

Finally, I would like to thank my mother who said, "This is an incredible achievement given your somewhat limited capabilities."

T.K.H.

# TABLE OF CONTENTS

Chapter		Page
I	INTRODUCTION . . . . .	1
	Background for the Study . . . . .	1
	Statement of the Problem . . . . .	3
	Definitions . . . . .	4
	Assumptions . . . . .	7
	Limitations . . . . .	7
	Delimitation . . . . .	7
	Importance of the Study . . . . .	8
	Costs . . . . .	8
	Fabrication . . . . .	9
	Training . . . . .	10
	Attributional Style . . . . .	11
II	REVIEW OF LITERATURE . . . . .	16
	Learned Helplessness . . . . .	16
	Dogs . . . . .	16
	Cats . . . . .	18
	Fish . . . . .	18
	Rats . . . . .	19
	Humans . . . . .	19
	Locus of Control . . . . .	21
	Reformulated Learned Helplessness . . . . .	23
	Reformulated Learned Helplessness Evidence . . . . .	29
	Attributional Style Questionnaire . . . . .	33
	Organizational Settings . . . . .	35
	Summary . . . . .	38
III	METHODOLOGY . . . . .	41
	Design . . . . .	41
	Sample . . . . .	42
	Procedures . . . . .	42
	Instrument Development . . . . .	42
	Qualitative Analysis . . . . .	44
	Pilot Study . . . . .	45
	Agent Study . . . . .	46
	Analysis of Data . . . . .	47
	Conclusion . . . . .	47
IV	RESULTS . . . . .	48
	Description of Respondents . . . . .	48
	First Pilot Study . . . . .	50
	Second Pilot Study . . . . .	52
	Agent Study . . . . .	53
	Summary . . . . .	61

TABLE OF CONTENTS (CONTINUED)		
Chapter		Page
V	SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS . . . . .	62
	Purpose of the Study . . . . .	63
	Design of the Study . . . . .	63
	Discussion of the Findings . . . . .	64
	Internal Consistency . . . . .	64
	Correlations: Pilot Studies . . . . .	65
	Correlations: Agent Study . . . . .	66
	Implications . . . . .	70
	Recommendations for Further Research . . . . .	72
	Conclusion . . . . .	74
	BIBLIOGRAPHY . . . . .	76
	APPENDIX A: Request for IRB Review and Letter of Approval . . . . .	80
	APPENDIX B: Questionnaire Development . . . . .	88
	APPENDIX C: Permission to Use the Attributional Style Questionnaire . . . . .	90
	APPENDIX D: Approval Letter to Use Nebraska Wesleyan Students . . . . .	92
	APPENDIX E: First Pilot Study Questionnaire . . . . .	94
	APPENDIX F: Second Pilot Study Questionnaire . . . . .	116
	APPENDIX G: Main Study Mailing to Life Insurance Agents . . . . .	127

LIST OF FIGURES		
Figure		Page
1	BAD EVENT: Repeated sales calls. No sales. Hostile rejection . . . . .	12
2	Original model of learned helplessness . . . . .	23
3	My acts are noncontingently related to the desired outcome because . . . . .	26
4	BAD EVENT: Thermostat is unresponsive . . . . .	29

# LIST OF TABLES

Table		Page
1	First Pilot Study: Internal Consistency Reliability of Original ASQ Events, New ASQ Events, and the Beck Depression Inventory . . . . .	50
2	First Pilot Study: Correlations Among Original ASQ Events, New ASQ Events, and the Beck Depression Inventory . . . . .	51
3	Second Pilot Study: Internal Consistency Reliability of Original ASQ Events, Selected New Events, and Self-Esteem Inventory . . . . .	52
4	Second Pilot Study: Correlations Among Original ASQ Events, Selected New ASQ Events, and Self-Esteem . . . . .	53
5	Agent Study: Internal Consistency Reliability of LEAF and LEAF Subscales . . . . .	55
6	Agent Study: Correlations Among LEAF, Career Profile, and Levels of Productivity--Agents With at Least 1 Year of Productivity . . . . .	56
7	Agent Study: Correlations Among LEAF, Career Profile, and Levels of Productivity--Agents With at Least 2 Years' Production . . . . .	57
8	Agent Study: Intercorrelations Among LEAF Subscales, Career Profile, and Levels of Productivity--All Respondents . . . . .	58
9	Agent Study: Correlations and Intercorrelations Among LEAF, Career Profile, and Productivity--Individual Companies . . . . .	59
10	Agent Study: Positive Versus Negative LEAF Scores on New Life Commissions--Company 1 . . . . .	60

## CHAPTER I

### INTRODUCTION

#### Background for the Study

The selection of sales personnel often depends on information obtained from the use of various screening devices. Some companies may make hiring decisions based on job interviews, but many others use one or more instruments that have been developed to assist companies in their selection process. Unfortunately, in spite of the attention focused on developing better screening instruments, many have proven to be of limited value in their ability to improve on the selection of sales personnel. The Life Insurance Marketing Research Association (LIMRA) found that over three-fourths of newly hired agents quit within 3 years (LIMRA, 1982). In another study involving insurance salespeople, only 12% of the new agents were still employed after the fourth year (Murphy, 1987). In recent discussions with agency managers representing two large life insurance companies it was learned that nearly 50% of newly hired sales personnel will quit within the first year. Most of these managers expressed dissatisfaction with these figures and with the selection instruments currently in use. Given these retention rates, the improvement of selection devices currently in use or the development of new approaches to the selection process are commanding much attention in the industry.

Companies that rely on interviews or other subjective approaches have found there is a tendency to give preferential ratings to candidates who often look better than they perform or who exhibit personal

characteristics that are similar to those of the interviewer (Nykodym, Williams, & Rudd, 1986). This latter practice creates homogeneity among the new employees, sales managers, and sales personnel and often reduces the creativity that can stem from diversity. In an attempt to eliminate subjective bias, companies increasingly use more objective methods. However, results are still far from satisfactory. Researchers have had more success in finding factors that do not relate to sales success. Academic grades, intelligence, age, or sex have not proven to be reliable predictors (Bragg, 1985). Weak relationships have been found between sales productivity and tenacity and stress tolerance (Nykodym et al., 1986), socialability and stamina (Plotkin, 1987), and height and outside activities (Lamont & Lundstrom, 1977). LIMRA has studied the career activities of insurance sales representatives and identified nine key activities and nine personal characteristics exemplified by successful agents. The result has been the development of a 183-question profile which rates candidates on a 19-point scale. Of those scoring a perfect 19, LIMRA claims that 33% will be in the top 25% of sales producers after the first year (LIMRA, 1989). While 33% may seem acceptable to some sales managers, few candidates score this high and the success rates drop dramatically for lower scores.

Based on the researcher's experience and the recently completed review of literature, it appeared that most of the screening devices overlook a key personality attribute; namely, the tendency of an agent to quit trying when faced with repeated rejection. Agents may possess all the necessary personality factors, look good, and profess to enjoy the activities associated with the job but, if they develop a

pessimistic attitude in the face of repeated rejections, they may be reluctant to make the next call or, if severe, quit altogether.

Many studies have been performed in which researchers have investigated the tendency of research subjects to quit trying after repeated exposure to inescapable bad events. This research has led to the theory of learned helplessness and the reformulated model of learned helplessness in which researchers state that when individuals are confronted with bad events (the prospect rejected the offer) they will make attributions as to cause. Human subjects who develop a pessimistic explanatory style will make internal (it's all my fault), stable (it will continue to occur), and global (it will undermine everything else I do) attributions and are more likely to exhibit helplessness deficits such as reduced effort or, in extreme cases, quitting (Seligman & Schulman, 1986).

Do agents who blame themselves for the cause of negative events develop a more pessimistic attitude than those who externalize their failures? Are agents who feel the causes of negative events will persist over time less likely to continue to strive than those who believe the cause is only temporary? Do differences in explanatory style result in differences in productivity? Questions such as these and the search for their answers provided the impetus for this study.

#### Statement of the Problem

Interviews with business executives have revealed several recurring themes. How can they attract, select, and retain high quality sales personnel? How can they avoid making costly selection mistakes? Are



there approaches to the selection process which have been overlooked? Can a selection instrument be designed which would be an improvement over what is now used? The problem, as expressed by many sales executives, is that most screening devices employed in the selection of new sales personnel produce less than the desired results. Most tests, whether subjective or objective, focus on characteristics ascribed to successful sales personnel already employed. They fail to measure the tendency of job applicants to explain unfavorable events with either a pessimistic or optimistic style. This study was designed to measure the significance of any relationship between attributional style and success in the sales profession. Do individuals who make internal, stable, and global attributions for bad events perform differently from those making external, unstable, and specific attributions? Specifically, this study focused on the following objectives:

1. Develop an attributional style questionnaire that will measure explanatory style when individuals encounter bad events.
2. Examine the relationship, if any, between attributional style and sales productivity by administering the questionnaire to a sample of salespeople at several insurance companies.

#### Definitions

Many of the terms used in this research are somewhat unique to the study of learned helplessness in human and infrahuman subjects. References to such terms as internal, stable, and global attributions as well as cognitive, motivational, and emotional deficits refer to definitions used by researchers who have previously conducted research

in these areas. Of particular value in deriving these definitions were the initial writings on the reformulated model of learned helplessness (Abramson, Seligman, & Teasdale, 1978) and subsequent attempts to measure attributional style (Peterson & Seligman, 1984).

Attributional style. The tendency of individuals to attribute the cause for good or bad events in their lives to internal/external, stable/unstable, and global/specific causes.

Bad event. An occurrence, incident, or experience which most subjects would consider disagreeable, unpleasant, or disturbing.

Cognitive deficits. Reduced ability to learn that escape responses can result in escape from bad events.

Emotional deficits. The appearance of depression and the loss of self-esteem once an individual perceives that escape behaviors and outcomes are noncontingent.

External attributions. Belief that bad events are not caused by personal inadequacies of the self but stem from external sources.

Global attributions. Belief that bad events will occur in a broad range of situations.

Helplessness deficits. Retardation of escape behaviors along motivational, cognitive, and emotional dimensions.

Internal attributions. Belief that bad events are caused by inadequacies within the individual.

Learned helplessness. The tendency for organisms to exhibit motivational, cognitive, and emotional deficits when exposed to uncontrollable bad events.

Motivational deficits. Retarded initiation of voluntary escape responses when an organism perceives that escape from bad events is not likely. "There is no sense trying to escape since escape is impossible."

Optimistic explanatory style. An attributional style embracing external, unstable, and specific explanations for bad events.

Pessimistic explanatory style. An attributional style embracing internal, stable, and global explanations for bad events.

Productivity. As used in this study, commissions earned by an insurance agent.

Reformulated model of learned helplessness. The theory postulating that when individuals encounter bad events they ask "why" and make attributions as to cause and thereby develop a particular attributional style.

Specific attributions. Belief that bad events will occur only over a narrow range of similar situations.

Stable attributions. Belief that causes for bad events are long-lived or recurrent.

Stress tolerance. Stable performance under the pressure of adverse conditions.

Survival. A measure of whether an agent is working or has quit.

Tenacity. The tendency of an individual to adhere to a position or action plan until a desired result is achieved.

Unstable. Belief that causes for bad events are short-lived and nonrecurrent.

### Assumptions

In order to effectively conduct this study, the following assumptions were made:

1. Attributional style among sales agents who encounter bad events can be measured.
2. The sample selected for testing consists of individuals working in occupations involving repeated rejection.
3. Ratings of success, provided by management personnel within the participating companies, are valid measures of success for sales agents.

### Limitations

1. The study involved sales agents in the life insurance industry, and findings or conclusions are not applicable to other industries.
2. Success in sales was measured by first and second year commissions and number of lives written and is subject to any weaknesses inherent in using these figures as measures of performance. These might include differences in sales territories or geographies, differences in insurance companies, or fluctuations in the economy.
3. The study was based on concurrent data and may not be applicable on a predictive basis.

### Delimitation

1. The study focused on attributional style as the major criterion-related variable and uses other factors only as secondary indicators in the evaluation of the success of sales agents.

### Importance of the Study

Newly hired sales personnel often need extensive training in sales techniques and company product offerings before they become productive. They are often placed on a training period salary, during which they contribute little, if anything, to company profits. Upon completion of the training period, they often represent a significant investment of both time and money to the company for which they work. It is important to the executives of most companies to insure that selection procedures are designed to select only the candidates most likely to contribute to the profitability of the company.

### Costs

One of the more compelling reasons for a search for a better approach to the selection of sales personnel is cost. This refers to the costs associated with making hiring mistakes. While this study focused on the life insurance industry, the costs associated with hiring sales personnel who do not succeed are not unique to it. For instance, executives at a large fabrications company estimate they lose about \$25,000 on each salesperson who fails to succeed (Tobias, 1985). This figure represents the salesperson's salary, recruiting costs, training programs, management time, and lost sales. Of the estimated 100 salespeople hired each year, 20 were usually terminated, bringing the total cost to \$500,000 annually. Mercer and Seres (1987) found that a Chicago-based bottled water firm experiences a 50% turnover rate of salespeople which, according to company figures, lowered the profits of the company by \$250,000 per year. These figures do not reflect the

intangible costs to morale along with the emotional damage to the terminated and to the one who must do the terminating. In addition, there are the intangible costs associated with the narrowing of the pool from which to select future managerial personnel. These intangible costs contribute heavily to reduced organizational effectiveness (Cotton & Tuttle, 1986). Lucas, Parasuraman, Davis, and Enis (1987) add that, in a sales context, turnover is of growing concern because of its escalating costs and detrimental effects on productivity. Tobias (1985) concludes by stating that turnover costs are so high that even a small improvement in selection instruments would result in significant savings.

#### Fabrication

Compounding the problem of selecting successful sales personnel is the practice of lying to get the job. Applicants often know what characteristics are deemed desirable and fabricate answers in order to score highly. Many applicants taking the LIMRA Career Profile or some other fact-gathering instrument may have an idea of the job requirements, work environment, and personal characteristics required for the job. With this knowledge, it may be possible, on some instruments, to submit an applicant profile which, although appearing attractive to management, is far from an accurate reflection of the true candidate. A partner in a Los Angeles executive search firm estimates that this practice costs millions annually through, among other things, loss of sales and poor performance. She adds that the worst offenders are sales and marketing people (Murphy, 1987).

### Training

Improvements in the initial selection process can be of great value to those involved in the training and development of employees. Sales personnel are often required to undergo extensive training in areas of company policies and procedures, product knowledge, and sales techniques. Considerable effort and expense go into the development and administration of the courses designed to prepare new sales personnel for the field. It is a waste of company resources to provide this training only to have employees quit the company because inadequate selection instruments allowed them to slip through the screening process. Any improvement in the initial selection process will help insure that subsequent human resource dollars are better invested.

In reviewing the costs associated with employee turnover, it should be noted that all of these costs may not be due to poor selection methods. Inadequate training, poor management, personal problems of the employee, and countless other factors can lead to poor sales performance and the eventual dissolution of the company-employee relationship. This can occur even if an effective screening instrument was used which had indicated that the employee possessed sufficient qualifications to insure a reasonable chance of establishing a successful career with the company. However, lacking such an instrument would only exacerbate the problem of turnover costs.

It is the accumulation of costs associated with making poor selection decisions and the high turnover rates of sales personnel that added to the impetus for this study. Most selection instruments in use today fail to measure how much rejection salespeople can stand before

they quit trying. It may be useful to obtain a personal profile of applicants, but it is also very important to obtain a measure of how they will react to the continual rejection they will experience in the sales profession. Some may become discouraged early but others may be spurred on to other prospects who may be more receptive to their ideas. It would be useful to have this information before the hiring decision is made.

### Attributional Style

The bodies of research dealing with the reformulated theory of learned helplessness and attributional style may provide some insight and make hiring decisions easier. This research is examined in greater detail in Chapter II. Briefly, however, it states that human subjects possess an attributional style for explaining bad events. Subjects will make causation attributions along scales of internal versus external, stable versus unstable, and global versus specific. Researchers theorize that individuals who attribute the occurrence of bad events to internal, stable, and global causes will exhibit a higher degree of learned helplessness than those who make attributions to external, unstable, and specific causes (Abramson et al., 1978). Further, individuals with the higher degree of learned helplessness will exhibit a greater tendency to feel, in fact, helpless and quit trying.

Consider a hypothetical example. A newly hired life insurance agent who experiences a series of bad events (rejections) will make attributions as to the cause. These attributions might consist of those exhibited in Figure 1.